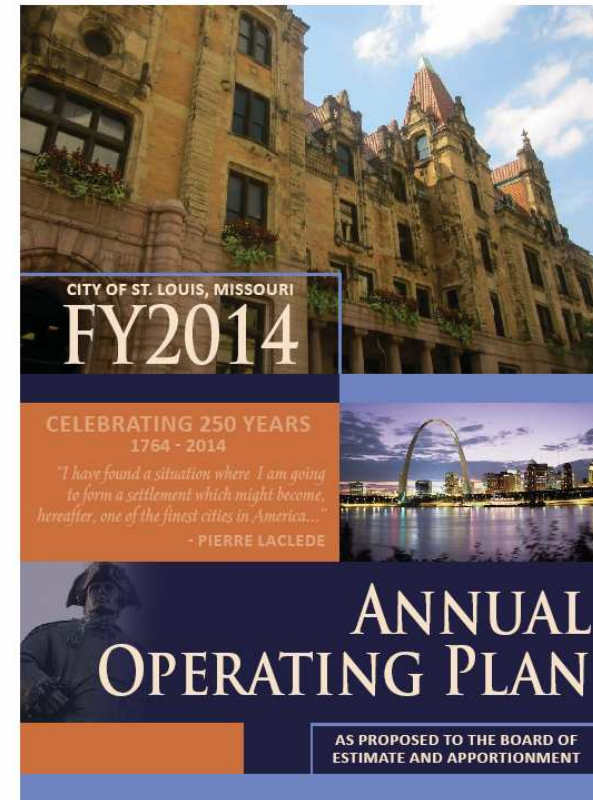


CITY OF ST. LOUIS

**PROPOSED FY2014
ANNUAL OPERATING PLAN**

Presentation to the Board of Estimate
and Apportionment

April 17, 2013



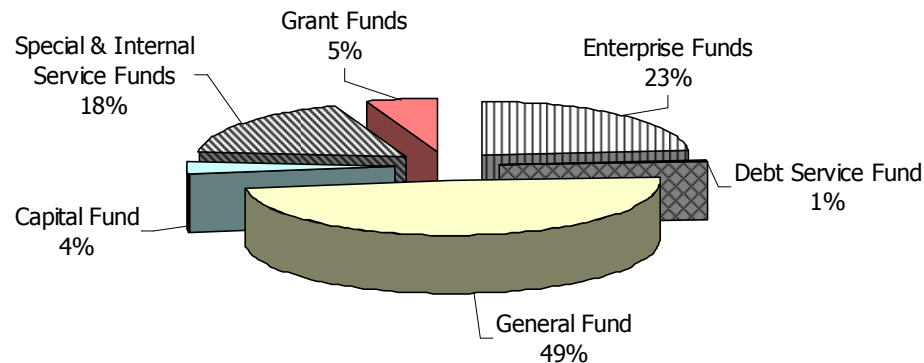
CITY OF ST. LOUIS

FY2014 Proposed Annual Operating Plan

The Annual Operating Plan for FY2014 totals \$984.6M, an increase of 1.8% over the previous fiscal year.

(in Mil. \$)	<u>FY13</u>	<u>FY14</u>	<u>% CHG</u>
General Fund	\$464.8	\$479.3	3.1%
Special Revenue	129.4	126.9	-1.9%
Grant Funds	56.8	53.7	-5.5%
Debt Service Fund	5.7	8.7	52.6%
Capital Improvement Funds	36.0	37.2	3.3%
Enterprise Funds	224.3	228.8	2.0%
Internal Service Funds	49.7	49.9	0.4%
	\$966.7	\$984.6	1.8%

FY2014 Budget - All Funds

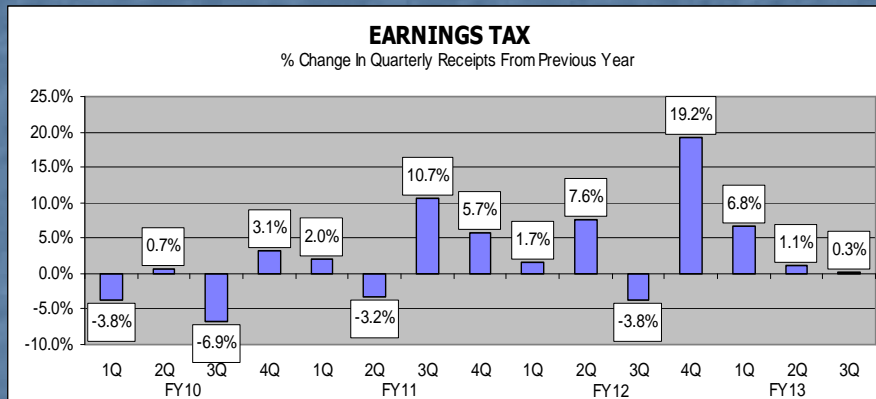


Total Appropriation = \$984.6 Million

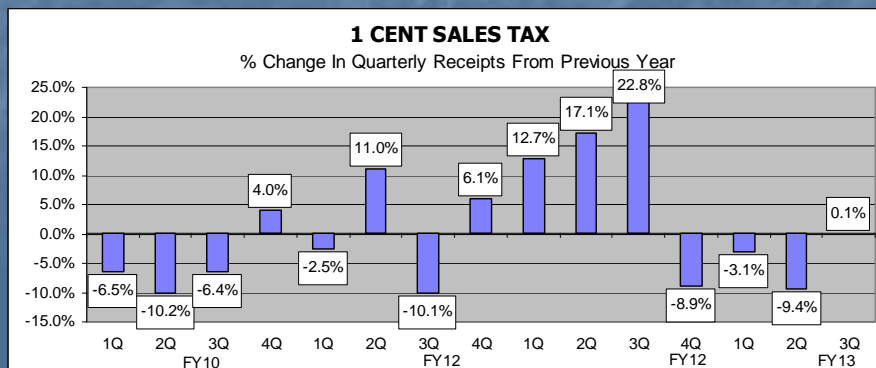
CITY OF ST. LOUIS

FY2014 Proposed Annual Operating Plan

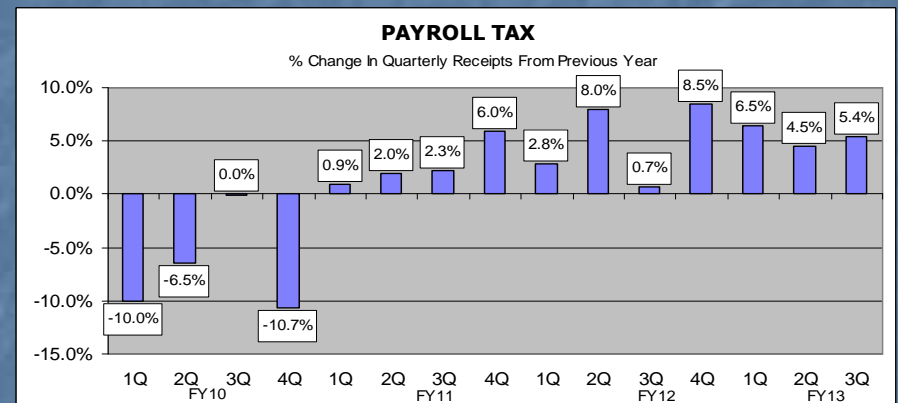
General Revenue Update: Earnings tax growth positive though slowing; Payroll tax showing steady results while Sales taxes declined thru 3rd Quarter of FY13.



Payroll Tax YTD
4.1%



Earnings Tax YTD
2.5%



Sales Tax YTD
-4.2%

CITY OF ST. LOUIS

FY2014 Proposed Annual Operating Plan

Total budget requests exceeded preliminary allocations by over \$35M. After reductions, base budget gap of over \$16M remained.

FY13 General Revenue Base	\$464.8	M
Plus Revised FY13 Base	3.3	
Plus One-time FY14 Revenues	4.1	
Net Growth @ 1.5%	7.1	
	<hr/>	
	\$479.3	
 FY13 General Fund Budget Base	 \$464.8	 M
Plus Increases / (Decreases):		
FY13 Capital reallocations (wards & rec)	2.5	
FY13 Other fund reallocations (use tax, other)	3.5	
Decline in special funds (e.g. p.s. sales tax, gaming)	2.2	
Lease Debt (CCC and Carnahan Courthouse)	6.6	
Police & Police Pension (incl. matrix, grant expir., etc.)	9.7	
Fire & Fire Pension (incl. matrix, grant expir., etc.)	1.4	
Other Employee Pay/Benefits (merit pay, health, etc..)	5.1	
Election Board – no scheduled elections	(1.6)	
Corrections Division – inmate medical costs	0.4	
Insurance and Utility & Equip. Repair Costs	1.0	
 FY14 Base Budget	 \$495.6	
 FY14 Preliminary Budget Gap	 <hr/>	
	(\$16.3)	M

CITY OF ST. LOUIS

FY2014 Proposed Annual Operating Plan

To Address The Budget Gap The FY2014 Annual Operating Plan Proposes A Mix of Budget Cuts, Reallocations and Special fund balances.

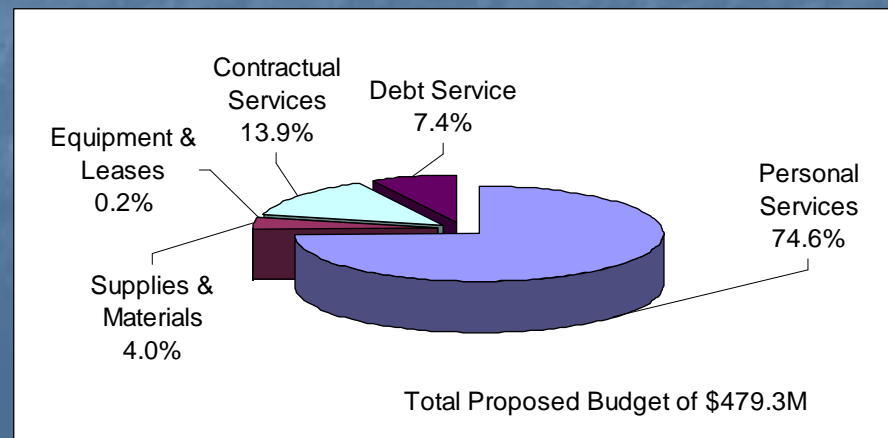
■	Budget Cuts:	\$9.7M	Includes Departments absorbing cost of portion of pay increases, COPS grant expiration at Police Dept., proposed supplemental appropriation to offset portion of debt payment and miscellaneous cuts across other departments
■	Revenue Reallocations:	\$6.0M	Includes reallocation of ½ Cent Capital Funds (from Wards and Recreation Center accounts), a portion of Local Use Tax allocations as well as charge of some expenses to special funds
■	Special Fund Balances:	\$0.6M	Includes excess funds accrued in FY13 and available for appropriation in special funds (e.g. use tax, ½ cent public safety, gaming fund, etc..)
Total		<u>\$16.3M</u>	

CITY OF ST. LOUIS

FY2014 Proposed Annual Operating Plan

Payroll Costs Represent 75% of total expenditures....necessary part of any plan to keep a balanced budget:

- o Current year's budget included \$1.3M for 2% merit pay increases on employee anniversary dates. FY14 budget has full year cost of these increases (additional \$1.2M) plus 7% increase in health insurance (\$0.8M) and ERS pension cost increase of (\$1.8M) for non-uniform employees. Does not allocate funds for additional merit which departments would absorb in FY14 (**\$1.3M**).
- o Police Dept. includes cost of matrix step increases (\$1.1M) and increase in PRS pension costs (\$4.4M) and civilian share of ERS cost (\$0.4M); Does not assume cost of expiring COPS grant (**\$0.8M**) (auth. officers to decrease by 20 to 1,245) and includes other reductions (**\$3.8M**) to bridge gap. SLPD to continue work with restructuring command ranks to minimize impact on patrol ranks.
- o Fire Dept. includes cost of matrix step increases (\$0.4M), health insurance (\$0.4M) and full FRS costs which declined (-\$0.6M) Assumes increase in difference between 2010 and 2011 SAFER grants (29 vs. 20 firefighters) and authorized uniform firefighter strength of 592 (\$1.3M); still requires that two doubled-up fire companies be held non-operational.



CITY OF ST. LOUIS

FY2014 Proposed Annual Operating Plan

Other Proposed Changes Across Departments:

General Govt. / Finance	(\$0.7M)	Minor decreases mostly offset minor increases. \$500k reduction in Personnel after Fire promotional testing in FY13; other misc. reductions
City Wide	(\$1.9M)	Decrease of \$100k for Unemp. Comp. and adds \$110k for Assessor subsidy and \$75k disparity study. Debt includes \$4.6M of \$6.6M in increases listed earlier. Assumes \$2M supplemental appropriation in current year for balance.
Parks, Recreation & Forestry	--	No major changes gen fund. (Includes full funding for rec center subsidies and Forest Park debt in special Parks funds)
Judicial Offices	(\$0.5M)	Circuit court & Juvenile cut 1 pos. Drug Court @ \$130k to P.S. Fund Sheriff down 3 pos. / City Courts to add 3 with cut in contractual services

CITY OF ST. LOUIS

FY2014 Proposed Annual Operating Plan

Other Proposed Reductions: (Continued)

County Offices	(\$0.1M)	Recorder of Deeds – cuts 3 pos. with increase in contractual costs. (other than Election Bd. of \$1.6M already listed)
Streets	(\$0.5M)	Transfer station tonnage reduction due to reduced waste, increased recycling. (Traffic utility increase of \$300k and \$50k increase for salt supply already listed)
Public Safety	(\$0.1M)	Minimal changes other than Fire & Corrections listed earlier. Reimbursed portion of CEMA budgeted under grants. NSO reclassification of 3 positions.
Board Of Public Service	\$0.0M	Most changes limited to increases listed earlier; (Facilities \$0.1M in utilities; ESD \$0.2M in equipment repair & supplies.) BPS to include wage compliance monitor position.
Total Other Proposed Reductions	(\$3.8M)	

CITY OF ST. LOUIS

FY2014 Proposed Annual Operating Plan

Continued Reallocation of Special Revenues and Balances

1/2 Cent Capital Sales Tax	\$2.5M	Continues reallocation of unrestricted capital funds to offset Citywide capital costs. Includes \$0.5M from Recreation and \$2.0M from FY14 Ward allocation (75% of normal)
Forest Park Fund	\$0.6M	\$610K in Forest Park facility utilities to continue to be charged to F.P. Fund
Public Safety 1/2 Cent	\$0.4M	Cost of additional Drug Court subsidy (\$448k) from Public Safety 1/2 cent sales tax crime prevention account
Local Use Tax	<u>\$2.5M</u>	\$0.5M in Affordable Housing funds \$2.0M in building demolition funds
Total:	\$6.0M	

Special Fund Balances

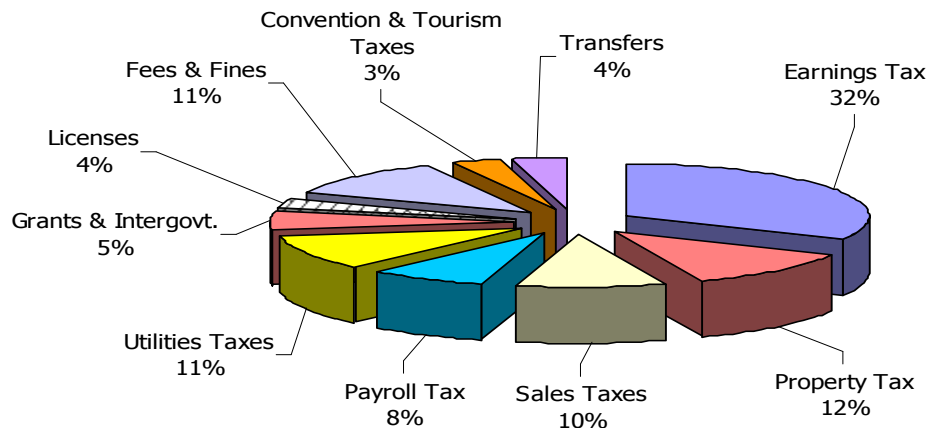
Gaming Fund	<u>(\$0.8M)</u>	Some special fund revenues trail current year estimates; general fund net impact
Citywide Capital	<u>(\$0.1M)</u>	
Excess Use Tax	\$1.7M	
Public Safety Sales Tax	<u>(\$0.2M)</u>	
Total	\$0.6M	

CITY OF ST. LOUIS

FY2014 Proposed Annual Operating Plan

General Fund Revenue Outlook:

	Actual	Revised	Estimated	
Rounded (in Mil. \$)	<u>FY12</u>	<u>FY13</u>	<u>FY14</u>	<u>% CHG.</u>
Earnings Tax	\$151.0	\$152.2	\$155.4	2.1%
Property Tax	52.2	55.5	56.4	1.6%
Sales Tax	50.4	47.7	48.2	1.0%
Payroll Tax	34.4	35.7	36.4	2.0%
Franchise (Utility) Taxes	50.1	52.5	52.8	0.5%
Intergovernmental	23.6	24.5	25.8	5.7%
Licenses	15.5	15.3	15.6	2.3%
Departmental Fees and Fines	49.8	53.8	54.8	1.9%
Other	30.6	31.1	33.9	8.9%
	<u>\$457.7</u>	<u>\$468.2</u>	<u>\$479.3</u>	<u>2.4%</u>



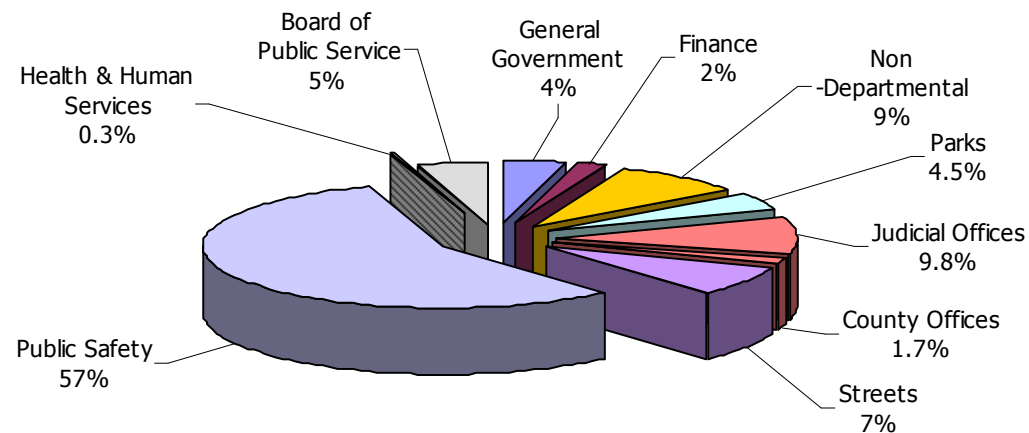
Total General Fund Revenue = \$479.3 Million

CITY OF ST. LOUIS

FY2014 Proposed Annual Operating Plan

General Fund Expenditure Outlook:

(Rounded in Mil. \$)	Actual FY12	Budget FY13	Proposed FY14	% CHG.
General Government	18.7	\$19.7	\$19.4	-1.3%
Finance	9.6	9.9	10.3	4.2%
Non-Departmental	38.9	38.7	42.1	8.7%
Parks, Recreation & Forestry	19.7	21.0	21.4	2.1%
Judicial Offices	43.8	46.4	47.1	1.4%
County Offices	7.1	9.4	8.0	-15.0%
Streets	34.0	34.3	34.9	1.7%
Public Safety	254.6	262.1	272.2	3.9%
Human Services	1.2	1.3	1.3	4.0%
Board of Public Service	24.6	22.0	22.6	2.6%
	\$452.2	\$464.8	\$479.3	3.1%



Total General Fund Budget = \$479.3 Million

CITY OF ST. LOUIS

FY2014 Proposed Annual Operating Plan

Proposed Changes in Special Funds Include:

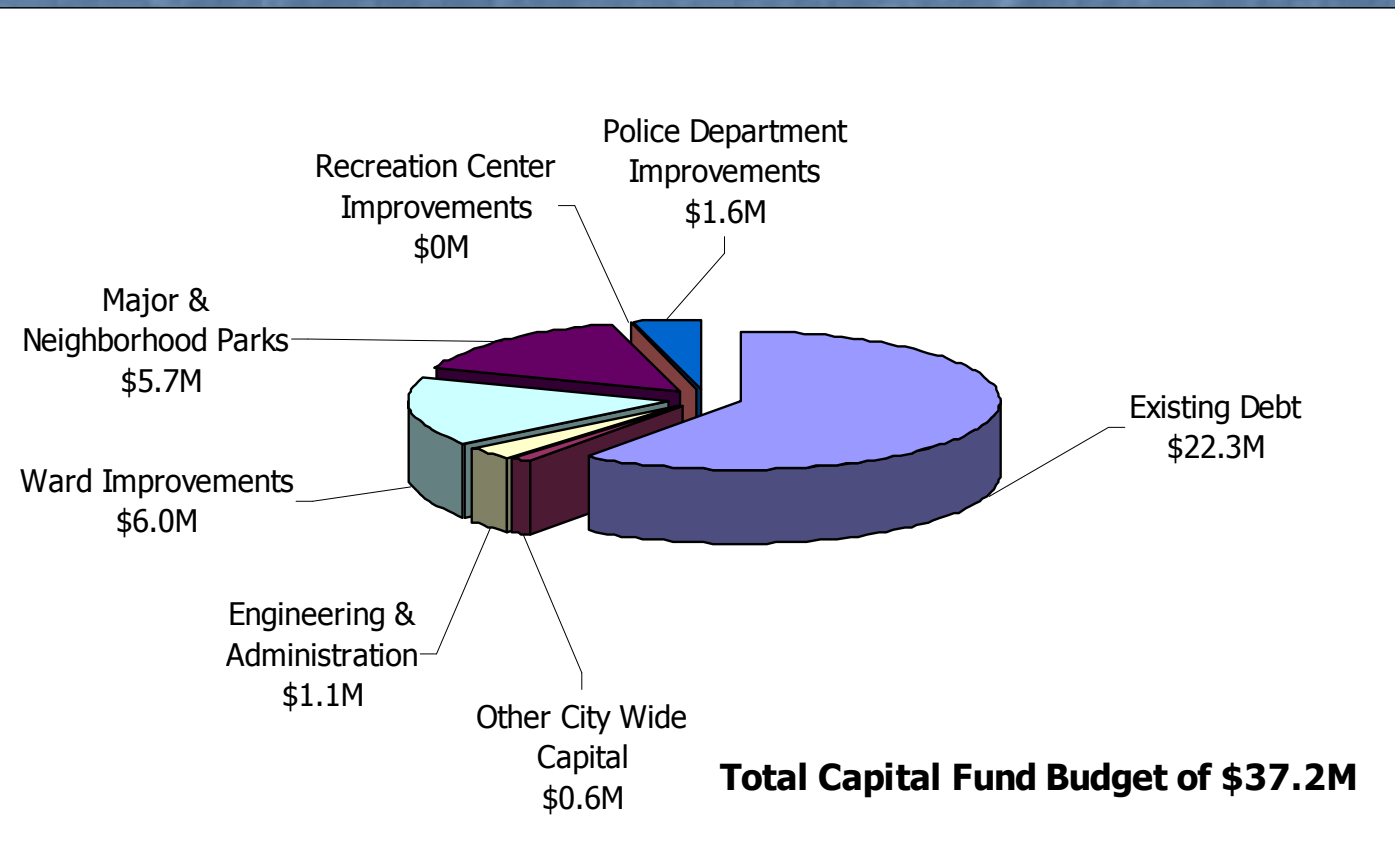
Local Use Tax	<ul style="list-style-type: none">o Revenues down 5.4% YTD; on track for \$29M or \$1M < prior yearo FY14 Budget of \$33.2M up \$1.9M; includes revenue est. of \$29.8M (impact of new 3/16 sales tax) plus \$3.4M in existing fund balanceso Continues Reallocation of \$0.5M in Affordable Housing Funds; however Affordable Housing will increase \$700k with appropriation of \$1.2M in fund balanceo Building Demo Funds remain at reduced allocation of \$1.5Mo Health Dept. Budget up 1.7%; net add 1.9 positions (grant related) and minimal other increases
Lead and Building Demo Funds	<ul style="list-style-type: none">o Funded thru Building permit revenue; New certificate of inspection fee revenue should bring Lead Fund to positive balance by end of fiscal year.o Building demo and board up budgeted to receive \$500k from Use Tax Demo Fund to stop continued deficits; negative balance to remain in excess of \$2M
Gaming Fund	<ul style="list-style-type: none">o Revenue down 11% through FY13 third quartero FY14 Budget of \$8.0M down \$3.9M reflecting decline in revenue and direct allocation of \$1M Pinnacle payment to development
C&T Fund	<ul style="list-style-type: none">o Retains funding for Sister Cities @ \$75k & Grand Center @ \$60k

CITY OF ST. LOUIS

FY2014 Proposed Annual Operating Plan

Proposed Capital Fund Budget reflects decline in current year sales tax revenues; Parks capital to include new 3/16 Parks sales tax revenue;

- Continues ½ cent reallocations to meet Citywide Capital debt
- Meets FY14 obligations; longer term capital funding needed



CITY OF ST. LOUIS

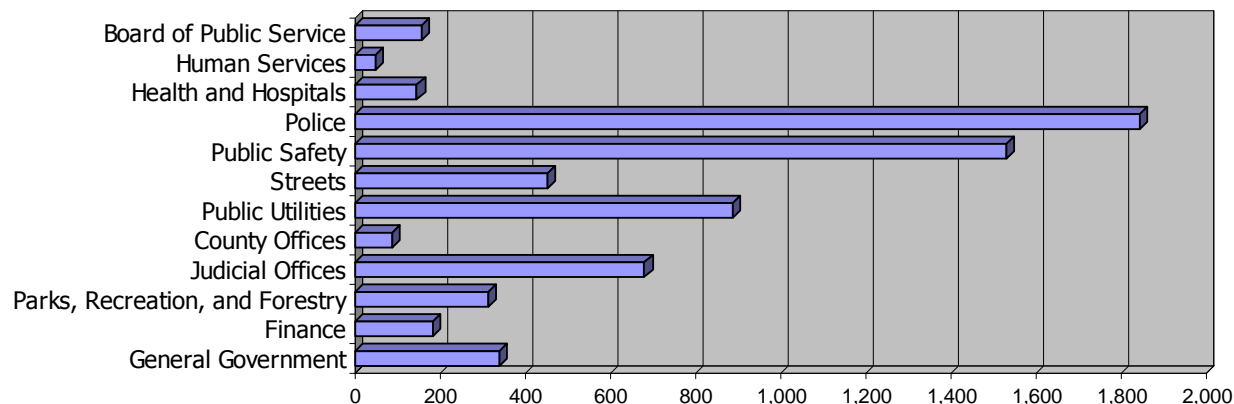
FY2014 Proposed Annual Operating Plan

Total Personnel Changes By Department – All Funds:

Personnel Totals - All Funds

	FY13	FY14	Change
BY FUND			
General Fund	5,040	5,025	-15
Special Funds	460	456	-4
Grant Funds	317	312	-5
Enterprise Funds	889	884	-5
Totals	6,706	6,677	-29

FY14 Personnel Totals by Department - All Funds

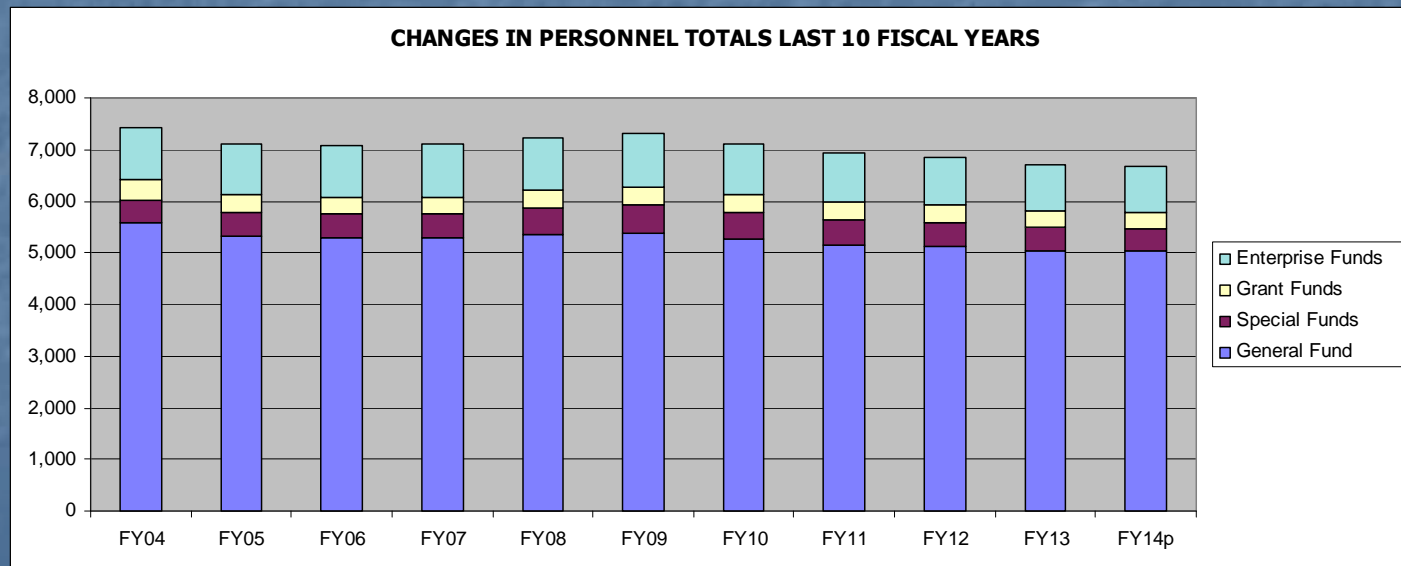


CITY OF ST. LOUIS

FY2014 Proposed Annual Operating Plan

Number of Personnel – Last Ten Fiscal Years vs. FY14p:

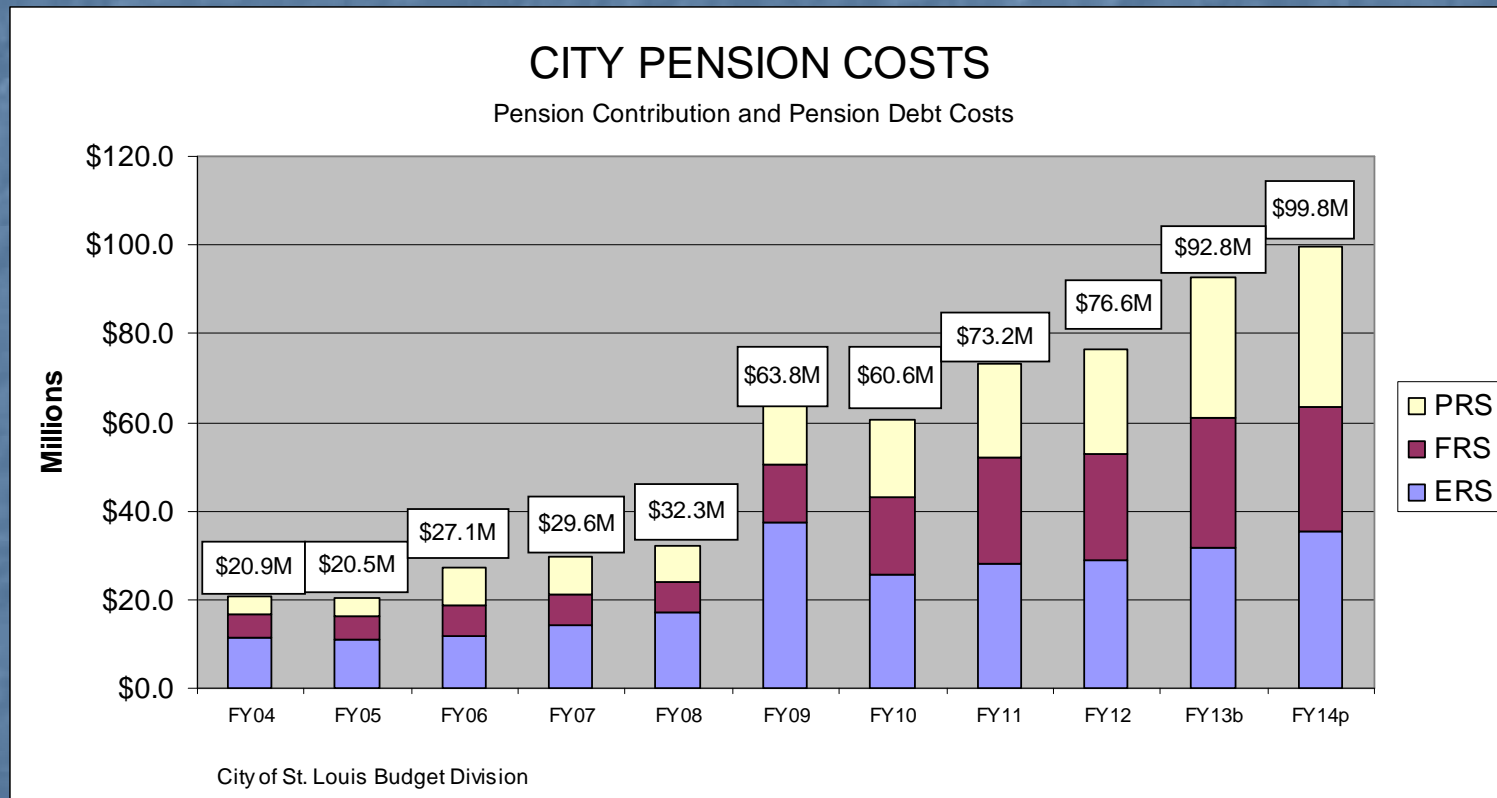
	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14p	10Yr CHG
General Fund	5,586	5,316	5,295	5,287	5,341	5,393	5,270	5,147	5,127	5,040	5,025	-561
Special Funds	440	460	450	467	521	546	513	479	447	460	456	16
Grant Funds	398	344	330	329	343	348	349	371	357	317	312	-86
Enterprise Funds	991	975	1,013	1,025	1,021	1,024	970	949	905	889	884	-107
	7,415	7,096	7,088	7,107	7,225	7,310	7,102	6,947	6,837	6,702	6,677	-738



CITY OF ST. LOUIS

FY2014 Proposed Annual Operating Plan

Pension Costs – Pending Existing Reform Efforts; Proposed Budget Meets All Current Obligations Now Reaching \$100M.



CITY OF ST. LOUIS

FY2014 Proposed Annual Operating Plan

Pension Funding Overview

		Employee Retirement		Fire Retirement			Police Retirement	
Valuations								
(as of 10/1/12)				EAN	FIL			
Assets - Market Value		\$664.1	M	\$444.4	\$387.2	M	\$653.9	M
Assets - Actuarial Value		\$653.0	M	\$427.1	\$404.1	M	\$674.1	M
Actuarial Accrued Liabilities		\$866.9	M	\$526.7	\$430.8	M	\$864.8	M
Actuarial Unfunded Liability		\$213.9	M	\$99.6	\$26.7	M	\$190.7	M
Funded Ratio - Actuarial Basis		75.3%		81.1%			77.9%	
Funded Ratio - Market Basis		76.6%		84.4%			75.6%	
1) FY14 Pension Costs	Total							
Employer Contribution	\$84.6	\$31.3	M		\$20.7	M	\$32.6	M
Debt Service	\$13.6	\$3.9	M		\$6.5	M	\$3.2	M
Admin. (net reimbursement)	\$1.6	--		EAN debt	\$1.3	M	\$0.3	M
Total	\$99.8	M	\$35.2	M	\$28.4	M	\$36.1	M
2) Active Membership								
Active		4,906			557		1,141	
Active In Drop		435			78		193	
Less Non-City		-800			--		--	
Less Depts. budgeted separately		-200			--		--	
Total Active		4,341			635		1,334	
3) FY14 Projected Pension Costs Per Active Participant		\$8,112			\$44,783		\$27,074	

CITY OF ST. LOUIS

FY2014 Proposed Annual Operating Plan

Summary:

- o Total FY14 Budget of \$984.6M a 1.8% increase from previous fiscal year
- o General Fund Budget of \$479.3M up 3.1%; bridges \$16M+ gap
Includes:
 - \$9.7M in expenditure reductions to offset pension, pay and benefit increases including supplemental appropriation and misc. cuts across departments
 - \$6.0M in revenue reallocations including Capital fund, Use tax, etc.
 - \$0.6M in special fund balances accrued in prior year(s)
- o Total reduction of net 15 general fund positions and 29 positions from all funds
- o While Balanced, Longer Term Budget Challenges Remain:
 - Attaining structural balance – recurring revenues meet expenditures without reliance on one-time measures
 - Continuing to restore reserves
 - Realizing pension reforms for all 3 systems (not kicking costs down the road)
 - Incorporating Police Department operations into City government
 - Financing of Capital needs (buildings, streets & bridges, fire equipment, etc.)